

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
140 N. 8th Street, Suite 290, Lincoln, Nebraska

Minutes
July 18, 2007

Draft Minutes. Minutes are not approved until the next Board meeting.

1. General

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:38 a.m. on Wednesday, July 18, 2007 with Chair Jim Titus, presiding. The roll was called with the following members present: Jim Titus, William Nuckolls, Anne Fuhrman, Kate King Wu, Tom Obrist, Doug Skiles, Richard Zacharia, and Michael Wassinger. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert and Jo Lowe, and Board Intern Nicole Rowedder. Visitors were: Ken Brauer, Nebraska Association of Independent Accountants, and Dan Vodvarka, Nebraska Society of CPAs President. The meeting was held at the Board Office at 140 N. 8th Street, Suite 290, Lincoln, Nebraska. Chair Titus noted the location of the notebook containing the Public Open Meeting Act and asked if anyone present needed an agenda or had any questions regarding the law.
- B. Approval of Meeting Agenda for July 18, 2007.** Moved by Zacharia, seconded by Fuhrman, to approve the agenda for the July 18, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #1 carried.
- C. Approval of Minutes from May 2, 2007.** Moved by Nuckolls, seconded by King Wu, to approve the Board minutes from the May 2, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #2 carried.

2. Public Comment Period (15 minute period)

Dan Vodvarka, Nebraska Society of CPAs (NSCPAs) President, gave an update. The draft temporary practice rules will be discussed at their Aug. 24, 2007 Board meeting. NBPA ED Sweetwood has been invited to attend to give an update on NBPA and answer any questions. Vodvarka reported that the NSCPAs endorsed Anne Fuhrman's reappointment to the NBPA Board for another term, and asked if there were other recommendations from the Board to replace Member Nuckolls. The "unauthorized practice of law" issue has resurfaced with a fifth draft ready for public comment in the next 30 days. NSCPAs will comment, but Vodvarka noted that CPAs have extensive exemptions in the draft rules. It was noted that former NBPA Chair William Gaines had testified before the Supreme Court Rules Committee that CPAs are currently regulated by the Board, negating the need for dual regulation.

Tim Engler, attorney, and Fred J. Bauters, Crowe Chizek Risk Officer, were present representing Crowe Chizek to answer any questions regarding the name change request. Crowe has no plans for a Nebraska office, although they do have

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engagements in Nebraska. Currently there are three firms in the United States that are Horwath affiliates, with 240 world-wide. All engagements letters and letterhead will carry the disclosure statements regarding the association with Horwath.

10. B. Report of Licensing Committee

- B. Crowe Chizek Firm Name Discussion.** Moved by Zacharia, seconded by King Wu, to revise the agenda and move item 10. B. to follow the Crowe Chizek public comments. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #3 carried. Licensing Committee Chair Obrist gave his interpretation of the issue with recommendations for revisions to the Firm Guidelines. After much discussion, moved by King Wu, seconded by Zacharia, to revise the Firm Guidelines regarding Rules Chapter 5 007.03 and Chapter 11 002 by deleting #2 c. and d., and by adding a guideline as follows: A firm name that includes the name of a CPA membership association will NOT be considered misleading if:

1. A CPA membership association meets the other criteria of these Guidelines, is not misleading, and is included in the firm name;
2. The membership association does NOT provide any services to the public but only to the membership;
3. The affiliation is disclosed on letterhead, business cards, engagement documents, and any other public displays. The Board may require additional disclosure(s) to further inform the public when deemed appropriate.
4. The name does not include an actual non-CPA person who is an owner or associated with the firm.

On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #4 carried. Moved by King Wu, seconded by Zacharia, to allow the name Crowe Horwath LLC. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #5 carried.

3. Consent Agenda

- A. Published Notice of Meeting.** Moved by Nuckolls, seconded by Fuhrman, to approve the consent agenda. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #6 carried.
- B. Approval of Disbursements.** Board Secretary Nuckolls reviewed the disbursements. The Board suggested a review of the QEP library, using online or CDs for the QEP library rather than the hard copy subscriptions, and to request a donation to the Board since the reviewers have purchased the documents.

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Enforcement expenses will be broken out by case for June. Disbursements for April, May, and June, 2007 were approved.

- C. **Review of Board Budget Status Report.** The Budget Status Report was provided. Executive Director Sweetwood answered questions regarding the current 2008-2009 fiscal year budget. It was noted that the reduction in licensing fees and increased legal fees from enforcement actions last year caused the Board's cash reserve fund to be reduced by about \$30,000 in FY-07.
- D. **Office Management Report.** The Office Management Report was provided and it was noted that the number of inactive renewal registrations continue to decline. This issue will come before the Licensing Committee for discussion and recommendations.

4. Report of the Chair

- A. **Report of the Chair.** Chair Titus gave the report.
- B. **Election of September 2007-2008 Board Officers.** Moved by Obrist, seconded by Zacharia, to elect Titus as Chair, Skiles as Vice Chair, and Fuhrman as Secretary. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #7 carried.
- C. **Office Performance Review Cards Summary.** Chair Titus reviewed the performance card response ratings and the summarized comments. He noted that overall the ratings were high and the comments positive.
- D. **Board Appointments.** ED Sweetwood mentioned that Board appointments will be made by Governor Dave Heineman scheduled for September. Board Members were encouraged to think of others who may be willing to serve on the Board, and request that they complete forms available on the State of Nebraska website. It was also noted Board committee appointments will be made by Chair Titus at the September meeting. Board members were encouraged to express their preferences for committee assignments to Chair Titus before the September meeting.
- E. **Review Board Calendar.** There were no changes to the Board calendar.
- F. **Report on To Do List.** There was no report at this time.

Closed Session

Closed Session. Moved by King Wu, seconded by Obrist, that the Board go into closed session at 10:32 a.m., for the purpose of updating the Board about current open enforcement cases, to discuss litigation matters, and to review disciplinary matters. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #8 carried. Chair Titus restated that the purpose for the closed session was to update the Board about current open enforcement cases, to discuss litigation matters, and to review disciplinary matters.

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Return to Open Session. Moved by Fuhrman, seconded by Wassinger, that the Board return to open session at 11:25 a.m. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #9 carried.

5. Report of Enforcement of Professional Conduct Committee

- A. **Open Case /LMCO Update.** The Enforcement Committee had met with Board Attorney Robert T. Gritti to review open cases on July 10, 2007.
- B. **Recommended Closure of Enforcement Cases.** In Case 05-04, the Board and the CPA agreed to a settlement following execution of a Stipulation and Consent Order requiring additional CPE. Case 05-12 involved a 2006 advertisement questioned by the Board that did not reappear in 2007, prompting recommendation for closure. The Board's attorney requested and reviewed responses from the company's attorney. Moved by Zacharia, seconded by Skiles, to close cases 05-04 and 05-12, and to prepare a Stipulation and Consent Order for Case 04-22 to be effective August 7, 2007 with added language. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #10 carried.
- C. **Report on To Do List.** There was no report at this time.

6. Report of Continuing Professional Education (CPE) Committee

- A. **Report of the Committee.** Committee Chair Nuckolls gave the report. Staff Kelly Ebert was present to answer Board questions. Nineteen people are currently CPE deficient, and 39 extension requests have been received. The Committee reviewed 105 courses from April 27, 2007 to July 9, 2007. Committee Chair Nuckolls reviewed reinstatements related to birth year. Motion out of Committee to recommend the Board allow Ryan Nietfeldt to reinstate utilizing 2007 hours for his reinstatement, and to allow Nietfeldt, due to his birth year and requirements for promotion, to complete 40 hours of CPE from July 1, 2007 until December 31, 2007 to satisfy his renewal licensing requirement for July 1, 2008. Board policy will be amended to allow reinstatement applicants or initial permit applicants whose permits expire the following June 30, who are applying after July 1, to complete only 40 hours of the 80 hours of required CPE for renewal. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, and Wassinger voted aye. Member Zacharia abstained. Motion #12 carried. The Committee reviewed the staff evaluation of reinstatement applications and referred the list to the Licensing Committee. Committee Chair Nuckolls noted that the list of 11 CPE deficient individuals is now a licensing issue. The Committee expects to review the CPE Guidelines in the fall of 2007. Online CPE reporting will be ready very soon.
- B. **Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 105 courses reviewed from April 27, 2007 to July 9,

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2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #11 carried.

- C. **Ratification of CPE Sponsors.** There were no sponsor applications at this time.
- D. **Report on To Do list.** The To Dos are listed in the Committee Report.

7. Report of Education & Exam (E&E) Committee

- A. **Report of the Committee.** Committee Chair Skiles reported that the proposed changes to UAA Rule 5-1 & 5-2 were nearly ready for distribution by the NASBA Education Committee. Chair Skiles is a member of the Committee. As the result of a request for an exam refund, motion out of Committee to recommend to the Board to credit Rachel Jacobson's exam account that may be used for any future exam section fees, minus processing and administrative fees. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #14 carried. The review of the high passing percentage of Q1-07 AUD section requested by Committee Chair Skiles resulted in a CPA Exam security review process for CPAES. No breaches of exam security were discovered, and Nebraska candidates actually passed at a higher rate than the rest of the nation. A new online application that will provide additional statistics about exam candidates will be sent to Boards soon by CPAES for review and approval. ED Sweetwood noted that Thomson Corporation was selling Prometric Testing Centers that provide the CPA exam and are part of the tri-entity CPA exam agreement. He provided a NASBA press release on the pending sale to members.
- B. **Approval of Exam Scores for April - May 2007 Window.** Moved by Skiles, seconded by King Wu, to approve exam scores for the April – May 2007 Window. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #15 carried.
- C. **Exam Rescore Notification to Pass/Pass and Fail/Fail Candidates Due to Copy/Paste Issue.** The Committee discussed the copy/paste issue via conference call with Pat Hartman, NASBA/CPAES. As a result of the score review, Nebraska had five candidates whose score changed as a result of the rescoring, but not their pass/fail status. Motion out of Committee to recommend to the Board that CPAES notify all Nebraska candidates of changes to their scores related to the copy/paste rescore. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #13 carried.
- D. **Report on To Do List.** There was no report at this time.

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8. Report of the Legislative Committee

- A. **Report on Legislation.** Committee Chair Titus gave the report.
- 1.) **Title 288 Chapter 7: Temporary Practice Update.** Committee Chair Titus thanked ED Sweetwood for the “Road Map” summary of the development of the proposed Temporary Practice Rules. The draft UAA Section 23 proposes complete mobility between states and provides for disciplinary action through both jurisdictions (licensed state and temporary practice state). ED Sweetwood will attend the NSCPAs Board meeting to get their recommendation on the draft UAA Section 23. The Board provided an outline of reservations for cross border practice to be submitted to Ken Bishop, NASBA Executive Director and Mobility Chair, for response when he visits Nebraska scheduled for the September Board meeting. The Board requested that the NSCPA’s leadership be invited to participate. The Board will consider the Temporary Practice Rules at the September meeting with the possibility of setting a hearing on the proposed rules for consideration at the November meeting.
- B. **Report on To Do List.** There was no report at this time.

9. Report of Quality Enhancement Program (QEP) Committee

- A. **Report of the Committee.** Committee Chair Fuhrman reported that 145 reports were reviewed in a long Committee meeting: 21 Type 1, 86 Type 2, 29 Type 3, and 9 Type 4 reports. Exemptions were granted to 77 practice units. Letters with comments will be mailed to practitioners next week. A review of the type of authoritative sources to make the review process most efficient will be considered. The Board commended the volunteer reviewers and the Committee for all of the hard work. Laptops were used to streamline the review process. The Committee will meet in September to review the practitioner’s responses and to set recommendations for improvement.
- B. **Ratification of 2007 QEP Reports Review.** Motion out of Committee to approve the 145 reports submitted for 2007 QEP. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #16 carried.
- C. **Report on To Do List.** There was no report at this time.

10. Report of the Licensing Committee

- A. **Report of the Committee.** Committee Chair Obrist gave the report. “4 in 10” applications were reviewed. Committee members felt that the Crowe Chizek name change request was important and complicated enough for full Board discussion. All permits and registrations for 2007 have been issued and mailed. Letters of non-compliance were sent to about 60 active permit holders on July 5,

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2007. Board members were provided with a list of non-compliant individuals and firms. The Committee reviewed and approved a request for verification of work experience from an Iowa CPA who had no CPA to verify her work experience.

- B. **Crowe Chizek Firm Name Discussion.** Agenda item moved to follow the Public Comment period.
- C. **Ratification of initial permits to practice issued, certificates issued, firm permits.** Motion out of Committee to recommend Board approval of the permits to practice, certificates, and firm permits, issued between May 5, 2007 and July 17, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #17 carried.
- D. **Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to recommend Board approval of the reinstatements, inactive - retired affidavits, and surrendered certificates received between May 5, 2007 and July 17, 2007.

Reinstatements:

Ryan Nietfeldt

Pamela Sheets

Jeff Shirley

Inactive-Retired Affidavits:

Alan Becher, Lincoln NE

James Sack, Omaha NE

Jerry Simon, Gretna NE

Linda Riddle, Papillion, NE

Martis Jans, Yankton, SD

Surrendered Certificates:

Alissa Bergman

Timothy Corrigan, Basking Ridge, NJ

John Peter McNamara, Coppell, TX

Richard Ueltschy, Crestwood, KY

On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #18 carried.

- E. **Report on To Do List.** There was no report at this time.

11. Report of Executive Director

- A. **NASBA Western Regional Conference Report.** Executive Director Sweetwood provided a copy of his report. Former Board Member William Gaines Jr. was nominated for his service to the profession for NASBA's 100th Annual Meeting in October, 2007.

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- B. **Nebraska.gov Report.** The firm, sole proprietor, active permit, and inactive registration online renewal applications were completed. The CPE online reporting is nearly ready to begin. Future meetings with Nebraska.gov manager Brian Stevens and Member Skiles will be held to discuss proposals for the “backend” data base.
- C. **2008/2009 Budget Update.** ED Sweetwood reported that there were no Governor’s line item vetos, and we are now operating in the 2008-2009 budget as proposed by the Legislature’s Appropriations Committee.
- D. **Staffing and General Office Issues.** Executive Director Sweetwood reported that staff had cleaned, rearranged, and disposed of expired documents in the workroom. He also recognized staff members for their hard work and attention to detail, as the 2007 licensing renewal process had been completed. He recognized Intern Nicole Rowedder as this is her last week with the Board, and all wished her well in her new career.
- E. **Report on To Do List.** There was no report at this time.

12. New Business

- A. **National Association of State Boards of Accountancy (NASBA) Items.**
 - 1.) **Attendance at NASBA 100th Annual Meeting, October 28-31, 2007, Maui, Hawaii.** Chair Titus explained that this year is NASBA’s 100th Anniversary Conference, and the press release describes the conference goal is to chart the future of the accounting profession’s regulation while at the same time celebrating a century of accomplishments, with regulators from all 55 jurisdictions, as well as speakers and representatives from Congress, federal agencies and the major accounting firms. He expressed the value of the NASBA meeting sessions to Board member’s work in Nebraska, the involvement of past and present NBPA Board members serving on national NASBA committees, and the contacts created via attendance at NSBA meetings. Other Board members discussed the importance of this year’s conference agenda covering topics of importance to Nebraska including: global regulation, public protection and international standards, SOX issues, mandating meaningful firm compliance assurance programs, optimizing the Uniform CPA Exam, and ethics in conflict. Moved by Fuhrman, seconded by King Wu, for all Board members and ED Sweetwood to attend the 100th Annual NASBA Annual Meeting, Maui, Hawaii, Oct. 28 - Oct. 31, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #19 carried.
 - 2.) **NASBA FYIs.** Various articles relating to NASBA were noted.

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- B. Other Miscellaneous Items.** Various articles were noted related to the CPA profession as provided by staff. Board members requested the purchase of new Board room chairs.

13. Adjournment

Moved by Wassinger, seconded by King Wu, to adjourn the meeting at 2:22 p.m. on Wednesday, July 18, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #20 carried.

Respectfully submitted by,

William C. Nuckolls
Board Secretary